

CABINET

26 OCTOBER 2011

REPORT OF THE ENVIRONMENT PORTFOLIO HOLDER

A.2 REVIEW OF THE PEST CONTROL CONTRACT

(Report prepared by Stephen Sparrow)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present for Cabinet approval recommendations to secure a reduction in the cost to the Council of providing a district wide pest control service.

EXECUTIVE SUMMARY

The provision of a pest control service is not a mandatory service although a local authority does have legal responsibilities with respect to the control of pests on land and premises.

There are basically three main options available to the Council:-

- Cease the provision of the service completely.
- Continue with the existing service.
- Implement a change to the existing service with a reduction in cost to the Council.

Consideration of these options is made in Part 3 of this report.

Discussions with the pest control contractor have identified service opportunities for a substantial reduction in costs to the Council of approximately £17,500 per annum. This can be achieved whilst maintaining a full service and introducing a subsidised cost for services for residents on certain benefits.

I am confident that the terms of the proposed revision to the contract would be sufficient to control pests within the district whilst at the same time enabling people who are dependent on benefits the opportunity to secure pest control treatments at a reasonable price.

RECOMMENDATION(S)

- (a) That Cabinet agrees to the proposals whereby the fees for all pest treatments are amended in line with those set out in this report and with the Council paying an associated subsidy of £7.50 per rat and mice treatment when that service is provided to those residents in receipt of benefits. The revised charges would commence from 1 January 2012.**
- (b) That the Interim Head of Public Experience be authorised to implement necessary changes to the existing contract to secure the provisions set out in this report including an extension of the existing contract to 31 March 2015.**

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The provision of an effective pest control service assists the Council in meeting its priorities to protect and enhance our environment and improve the health of residents.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The financial implications are set out elsewhere in the report.

Risk

There would be a risk of increased numbers of pests if the pest control service was terminated.

There is a small financial risk to the Council if the number of treatments for rats and mice to residents in receipt of housing or council tax benefits increases. This is unlikely as the service which was previously free is now subject to a charge.

LEGAL

The Council has no obligation to provide a pest control service. The Council does have responsibilities in terms of the Environmental Protection Act 1990 to deal with insect nuisances and to require property owners to control infestations of rats and mice under the Prevention of Damage by Pests Act 1949.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

A subsidised service will be maintained for all residents including those in receipt of benefits. The entitlement to benefits is assessed against wider national legislative requirements. An Equality and Diversity Assessment has been completed that indicates there are no issues accepting that we replace the current free service with a substantially financially subsidised service to residents in receipt of benefits.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The current financial climate necessitates the Council examining all of its services with the aim of maintaining the level of frontline services whilst at the same time seeking a reduction in the cost of the service.

For many years the Council has employed external contractors to provide a pest control service within the district. The aim of this has been two fold. Firstly, it has enabled the Council to have a service that will treat pest infestations and contribute to keeping the district free from pests. Secondly, this has also ensured that residents within the district are able to benefit from a subsidised / affordable pest control service.

Over the last four years there has been an average of 1900 requests per annum for pest control treatment of which 1,240 have been requests for the treatment of rats and mice.

CURRENT POSITION

The budget for contract payment for the pest control service in 2011/12 now stands at £21,500. This is effectively a subsidy for all users of the service after allowing for fees and charges that are set out as part of the current contract. The significant element of the subsidy is for residents in receipt of benefits as pest control treatments are provided free of charge.

In summary the current service provides pest control treatments:-

The contractual charges from 1 April 2011 (including 20% VAT) are as follows:

Rats	£6.65 per treatment -	Free to residents on housing or council tax benefit Per treatment = 2 visits
Mice	£23.16 per treatment -	Free to residents on housing or council tax benefit
Cockroaches	£39.72 per treatment -	Free to residents on housing or council tax benefit
Fleas	£39.72 per treatment -	Free to residents on housing or council tax benefit
Bed Bugs	£39.72 per treatment -	Free to residents on housing or council tax benefit
Wasps	£39.72 per treatment -	No concessions
Ants	£39.72 per treatment -	No concessions
Insect pests of stored food products	£39.72 per treatment -	No concessions

As mentioned above, the fees chargeable form part of the contracted arrangements and are subject to inflationary increases each year.

In comparison the average cost of treatment by private providers within 20 miles of the district is in excess of £92.00 excluding VAT.

PROPOSALS

As stated earlier the Council does not have a duty to provide a pest control service but it does have a duty under the provisions of the Prevention of Damage by Pests Act 1949 to take such steps as are necessary to secure, as far as practicable, that its district is free from rats and mice. Powers are vested in the local authority to take steps to rid premises of rats and mice under the provisions of the above act. This does tend to be costly and very resource dependant and takes valuable officer time to ensure that control measures are effective. Consequently, rather than directly undertake the necessary steps to rid premises of rats and mice, it would seem reasonable for the Council to facilitate the treatment of rats and mice through an external provider which historically has secured advantageous rates for the treatment of ALL pests for residents within Tendring.

Consideration of the options is detailed below:-

- **Complete Cessation of the Service**

To dispense with this service in the current financial climate would inevitably lead to some people not treating rodent and other pest infestations and this would eventually lead to an increase in the number of pests in the district. To deal with infestations by formal enforcement methods would not be a productive use of officer time and could lead to a detrimental effect on other services.

Excluding any termination payments, the annual saving would be the current budgeted amount of £21,500. However, if the contract were to be terminated with two years still remaining it is possible that the Council could be faced with a claim for “loss of profit” which would, it is estimated, amount to £12,400 for the remainder of the contract.

- **Continue with the existing service**

To continue with the present contract would cost the Council £21,500 per annum excluding the effects of inflation.

In addition, people on certain benefits (housing or council tax benefit) would continue to have a service provided free of charge. (This is subject to any changes to the national benefits system.)

- **Negotiate a change to the existing contract with a reduction in cost to the Council**

Following discussions with the Pest Control Contractor officers have been able to negotiate the following changes to the service. This will ensure a subsidised treatment service available for people in receipt of the above benefits (not a free service) and a lower than the current market rate for treatments for people not in receipt of benefits.

The subsidised element of the service remains for rats and mice treatments given the Councils responsibilities for these as previously highlighted.

The proposed service would provide:-

The charges from 1 January 2012 (including 20% VAT) are as follows:

	Residents in receipt of benefit		Residents not in receipt of benefit	
	Current Cost per treatment	Revised Cost per treatment	Current Cost per treatment	Revised Cost per treatment
Rats	Free	£7.50 (max 2 treatments)	£6.65	£26.00
Mice	Free	£7.50 (max 2 treatments)	£23.16	£26.00
Cockroaches	Free	£39.72	£39.72	£39.72
Fleas	Free	£39.72	£39.72	£39.72
Bed Bugs	Free	£39.72	£39.72	£39.72
Wasps	£39.72	£39.72	£39.72	£39.72
Ants	£39.72	£39.72	£39.72	£39.72
Insect pests of stored food	£39.72	£39.72	£39.72	£39.72

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There would no longer be any regular council payment to the contractor in the form of a lump sum or monthly payment except for a £7.50 fee being the Council subsidy for the treatment of rats and mice for residents in receipt of benefits.

Based on the current level of treatments the total cost of the contract to the Council under these revised proposals is estimated at £4,000 per annum. This would generate a saving of approximately £17,500 per annum against the current budget of £21,500. It is important to note that the more treatments provided to those in receipt of benefit the greater the subsidy from the Council and therefore increased payments to the contractor.

The contractor will be required to provide a list showing all treatments (including to those residents in receipt of the specified benefits) with his invoices. This would be subject to monthly monitoring and regular audit. The contractor is willing to agree to these revisions subject to an extension of the existing contract term from 31 March 2013 to 31 March 2015. The existing contract includes provision for such a two year extension which would enable the facilitation of the proposed arrangement.

The proposal enables residents to take advantage of the reduced cost of treatment that has been negotiated by the local authority on their behalf. At the same time this recognises the need to assist people who are in receipt of certain benefits by offering the service at a reduced rate to them.

The current contractor's performance is excellent with no complaints being received from members of the public. The contractor also provides additional specialised pest control treatments to Council departments when requested and regularly provides expert advice free of charge on pest control matters.